



FARMERS COOPERATIVE COMPANY

105 GARFIELD AVENUE FARNHAMVILLE, IOWA 50538-0035
 CORPORATE OFFICE: 515-544-3213 FAX: 515-544-3747

SURFACE TRANSPORTATION BOARD

STB Ex Parte No. 582

PUBLIC VIEWS ON MAJOR RAIL CONSOLIDATION



Testimony of Tom Miller on Behalf of
 Farmers Cooperative Company

FEB 29 2000

Part of
 Public Record

My name is Tom Miller and I am Grain Department Manager for Farmers Cooperative in Farnhamville, Iowa.

Before beginning, I would like to thank the Board for holding this hearing and giving shippers the opportunity of sharing our views.

As a matter of background, Farmers Cooperative sells corn and soybeans to grain processors, exporter and farmers throughout the Midwest, Southern and Western United States. We have 250 employees, 300 million in Revenues, and are owned by 3500 farmers and landlords.

Farmers Cooperative relies on rail transportation for 95% of all grain shipments. We have 9 elevators on 4 different railroads, which are the BN/SF, IC/CN, UP, and the Iowa Interstate. We also have 13 other truck only elevators, which feed our rail loaders.

Two overriding principles govern the way in which I determine whether changes in the rail industry, including consolidation, are good for Farmers Cooperative: market accessibility and the ability to increase the value of grain for farmers.

First, we are always seeking ways to enter new markets, thereby increasing the number of potential buyers of our grain and other products. Second, we are constantly seeking to minimize sale and distribution costs, in order to maximize the value of the grain for our farmers. To some extent, these two goals go hand-in-hand.

Over my career, I have experienced 5 railroad mergers, which were CP/Soo - UP/CNW - IC/CCP - CN/IC, and BN/SF both on the shipper and receiver sides. Other than the initial start up, the results in regards to service, additional market accessibility, and adding value to our farmers have been very positive.



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Further, we believe that the proposed BNSF/CN combination will open new market opportunities to us and to our farmers, and will serve to increase the value of grain for farmers. Specifically, the combination will allow us to access through single-line rail service markets that were previously only accessible through joint-line service, including the Mexican market, Texas Feedlot, California, and West Coast export markets. In the past, service levels and costs have made joint-line service an unacceptable transportation option. By opening these new markets, and by eliminating the costs and delays associated with joint-line service, the combination should increase the value of grain for us and for our farmers.

Because the proposed BNSF/CN combination will provide significant benefits to my company and our farmers, we urge the Board to act quickly on the BNSF/CN application.